

Exhibit A

Page 1

1 YITZCHOK KLUG
2 UNITED STATES DISTRICT COURT
3 SOUTHERN DISTRICT OF NEW YORK
4 -----X
5 SECURITIES AND EXCHANGE COMMISSION,

6
7 Plaintiff,

8
9 NO. 12-CV-6421 (KMK-JCM)

10 v.
11 EDWARD BRONSON and E-LIONHEART
12 ASSOCIATES, LLC, d/b/a FAIRHILLS
13 CAPITAL,
14 Defendants,
15 and
16 FAIRHILLS CAPITAL, INC.,
17 Relief Defendant.
18 -----X
19
20
21 DEPOSITION OF YITZCHOK KLUG
22 New York, New York
23 Tuesday, March 1, 2016
24
25

REPORTED BY: BARBARA R. ZELTMAN
Professional Stenographic Reporter

Job Number: 104177

<p style="text-align: right;">Page 6</p> <p>1 YITZCHOK KLUG</p> <p>2 Q Is there any reason today why your</p> <p>3 deposition shouldn't go forward?</p> <p>4 A No.</p> <p>5 Q I'm just going to start by asking</p> <p>6 you a few questions about your background.</p> <p>7 Can you tell me a little bit about</p> <p>8 your education starting post high school?</p> <p>9 A Post high school I went to Pace</p> <p>10 University -- I'm sorry. First I went to</p> <p>11 Brooklyn College and I earned a Bachelor of</p> <p>12 Arts. I think it was in economics.</p> <p>13 Then I went to Pace University,</p> <p>14 earned an MBA in corporate financial</p> <p>15 management, and then I went to Brooklyn Law</p> <p>16 School and earned a JD.</p> <p>17 Q Can you just briefly for each of</p> <p>18 your three degrees tell me when you</p> <p>19 graduated?</p> <p>20 So for Brooklyn College, do you</p> <p>21 recall when you graduated?</p> <p>22 A My guess is --</p> <p>23 Q Best approximation.</p> <p>24 A 1985.</p> <p>25 Q How about Pace?</p>	<p style="text-align: right;">Page 7</p> <p>1 YITZCHOK KLUG</p> <p>2 A 1988 or '89.</p> <p>3 Q Did you take any time off between</p> <p>4 Brooklyn College and Pace?</p> <p>5 A I don't believe so.</p> <p>6 Q Did you work between Brooklyn</p> <p>7 College and Pace?</p> <p>8 A I think I worked while I was at</p> <p>9 Pace. I worked during the day and I went to</p> <p>10 night school.</p> <p>11 Q You said from Pace you went to</p> <p>12 Brooklyn Law School?</p> <p>13 A Not directly.</p> <p>14 Q What you did you do between Pace</p> <p>15 and law school?</p> <p>16 A Various jobs. Nothing in the</p> <p>17 financial industries. I worked in real</p> <p>18 estate, real estate management, sales,</p> <p>19 wholesale and retail.</p> <p>20 Q And so I think you said you</p> <p>21 graduated the Pace MBA program in about 1988</p> <p>22 or '89, give or take?</p> <p>23 A That's correct.</p> <p>24 Q And how many years did you work</p> <p>25 before going to Brooklyn Law School?</p>
<p style="text-align: right;">Page 8</p> <p>1 YITZCHOK KLUG</p> <p>2 A I think I started law school around</p> <p>3 '96.</p> <p>4 Q When did you graduate from Brooklyn</p> <p>5 Law School?</p> <p>6 A 2001.</p> <p>7 Q What was your employment post law</p> <p>8 school, right after law school?</p> <p>9 A I came directly to the SEC.</p> <p>10 Q What were you hired to do at the</p> <p>11 SEC?</p> <p>12 A My position was law clerk. I can't</p> <p>13 tell you that I remember specifically what I</p> <p>14 was hired to do.</p> <p>15 Q And I would just remind you to keep</p> <p>16 your voice up so the court reporter makes</p> <p>17 sure she gets everything you are saying.</p> <p>18 So you joined the SEC in 2001 as a</p> <p>19 law clerk?</p> <p>20 A I believe that was the title. This</p> <p>21 is prior to being admitted to the Bar. So</p> <p>22 whatever the title is, not sure that I</p> <p>23 remember that correctly.</p> <p>24 Q I'm going to ask you questions</p> <p>25 about maybe some of your positions at the</p>	<p style="text-align: right;">Page 9</p> <p>1 YITZCHOK KLUG</p> <p>2 SEC over the years, but before I do that,</p> <p>3 since you joined the SEC after graduating</p> <p>4 law school, have you had any other</p> <p>5 employers?</p> <p>6 A No, I have not.</p> <p>7 Q You've worked for the SEC from</p> <p>8 2001, approximately, to the present?</p> <p>9 A That's correct.</p> <p>10 Q Can you briefly -- withdrawn.</p> <p>11 Can you describe for me your</p> <p>12 positions and responsibilities over the</p> <p>13 years at the SEC?</p> <p>14 A I went from being a law clerk to</p> <p>15 being a staff attorney to being senior</p> <p>16 counsel.</p> <p>17 My responsibilities --</p> <p>18 Q I'd like to just break that down.</p> <p>19 You were a staff attorney during</p> <p>20 what period? Years?</p> <p>21 A Probably about 2002/2003 until 2013</p> <p>22 or so.</p> <p>23 Q Okay.</p> <p>24 And in 2013 you became senior</p> <p>25 counsel?</p>

<p style="text-align: right;">Page 10</p> <p>1 YITZCHOK KLUG 2 A Correct. 3 Q And is that what your current title 4 is, senior counsel? 5 A Yes, it is. 6 Q What's the difference between staff 7 attorney and senior counsel? 8 A There's a grade difference. I 9 don't perceive that there is a great 10 difference in the responsibilities. I'm not 11 doing anything much different than I used 12 to. 13 Q Can you describe for me your 14 general roles and responsibilities as staff 15 attorney at the SEC? 16 A Sure. I'm assigned cases to work 17 on by my supervisor. I work on those cases, 18 investigating them. 19 And in general, if something should 20 come from those cases, they would be or 21 could be an enforcement action. 22 Q Would you work on the enforcement 23 action? 24 A I could. 25 Q Have you --</p>	<p style="text-align: right;">Page 11</p> <p>1 YITZCHOK KLUG 2 A I'm currently working on an 3 enforcement action, yes. 4 Q How many other -- in your tenure at 5 the SEC, 2011 through now, approximately how 6 many enforcement actions have you worked on? 7 THE WITNESS: May I ask my 8 counsel something? 9 (Pause.) 10 BY MR. FISCHER: 11 Q Sorry, did you want to clarify 12 something? 13 A Yes. I have worked on four or five 14 enforcement actions. 15 Q I may come back to that, but have 16 any of those enforcement actions involved 17 microcap securities? 18 A Yes, they have. 19 Q How many of them? 20 A Three or four. 21 Q Just some questions about just 22 understanding a little bit about the 23 structure of your position. 24 And I know you testified that you 25 are a staff attorney and sometimes you'll</p>
<p style="text-align: right;">Page 12</p> <p>1 YITZCHOK KLUG 2 work on enforcement proceedings. 3 Is there a particular division at 4 the SEC that you have worked under or have 5 worked for? 6 A I work for the Enforcement 7 Division. 8 Q And you've worked for Enforcement 9 during your entire tenure? 10 A Correct. 11 Q Got it. 12 Would you say that over the 15 or 13 so years you've been at the SEC that your 14 work tends to primarily be focused on 15 investigations rather than enforcement 16 action? 17 A I think it's fair to say that. 18 Q Okay. 19 I may ask you a series of -- I'm 20 going to ask you some questions today that 21 focus on a certain time period, probably the 22 2007 to 2012 time period, give or take. 23 We'll see some e-mails on that 24 later. 25 During that time period, 2007 to</p>	<p style="text-align: right;">Page 13</p> <p>1 YITZCHOK KLUG 2 2012 time period, can you identify for me 3 who your supervisor was? 4 A I had two supervisors and I'm not 5 sure what dates I switched. 6 Q Two supervisors during your 7 15-year -- 8 A Actually, let me take that back. 9 There were three supervisors. 10 Q During your 15-year tenure? 11 A I assume you are asking about my 12 direct supervisors. 13 Q I am asking about your direct 14 supervisors, correct. 15 A Three supervisors. 16 Q Okay. Who are they? 17 A The first is Elizabeth Goot, 18 G-O-O-T. 19 Q What time period was she your 20 supervisor, if you remember? 21 A She was my supervisor from 2001 22 forward. I don't remember specifically when 23 that changed, but I can tell you who the 24 next supervisor was. 25 Q Before we get to that, do you</p>

<p>1 YITZCHOK KLUG 2 recall what her title was, Ms. Goot? 3 A Ms. Goot was a branch chief. 4 Q And who was your supervisor after 5 Ms. Goot? 6 A George Stepaniuk. 7 Q What years was he your supervisor? 8 A I don't really remember the time 9 frame. 10 Q How about your third? 11 A Michael Paley. 12 Q What year was he your supervisor? 13 A He's currently my supervisor and I 14 think he's been my supervisor for four, 15 maybe five years. 16 Q So when you became senior counsel 17 in 2013, your supervisor remained the same? 18 A Yes, it was Michael Paley. 19 Q I'm sorry if I asked you this. 20 Michael Paley's title was? What was his 21 title? 22 A I think it's assistant regional 23 director, but I'm not certain. 24 Q I don't think I asked you for 25 Mr. Stepaniuk, his title?</p>	<p>1 YITZCHOK KLUG 2 A He's the same title. If I'm 3 correct, it's assistant regional director. 4 Q Mr. Klug, have you ever been 5 deposed before? 6 A Yes. Once many years ago. 7 Q Can you just briefly describe the 8 circumstances of that for me? 9 A It happened a very long time ago. 10 I believe I was working as a real 11 estate manager and someone was injured at a 12 building, and I was, as a management agent, 13 deposed. 14 Q Unrelated to your work at the SEC? 15 A Completely unrelated. 16 Q Okay. 17 During your time at the SEC, have 18 you ever been a part of any task forces or 19 working groups? 20 A Yes. 21 Q Can you tell me about that, please. 22 A I've been part of the Microcap Task 23 Force. 24 Q Any other task force? 25 A Not that I can recall, no.</p>
<p>1 YITZCHOK KLUG 2 Q Any working groups? 3 A There is another working group that 4 I'm part of. I don't remember the exact 5 name, but it's also microcap related. 6 Q Does the Microcap Fraud Working 7 Group ring a bell? 8 A That could be it. 9 Q And you identified yourself as 10 being part of something called the Microcap 11 Task Force? 12 A Right. 13 Q Have you ever heard of something 14 called Microcap Fraud Task Force? 15 A I have not. 16 Q Do you recall the years that you 17 were a member of the Microcap Task Force? 18 A It's been several years but I don't 19 remember exactly when it started, no. 20 Q Are you still a member? 21 A I am. 22 Q We're going to get into later some 23 conversations you had by e-mail, maybe 24 otherwise, with the Delaware securities 25 commissioner Peter Jamison.</p>	<p>1 YITZCHOK KLUG 2 A Okay. 3 Q Do you recall those -- very 4 generally, do you recall those? 5 A I do. 6 Q Do you recall whether you were a 7 member of the Microcap Task Force at the 8 time you had those communications with 9 Mr. Jamison? 10 A I don't. I don't remember when the 11 Microcap Task Force came into being, so I 12 can't tell you. 13 Q Okay. 14 Do you recall whether prior to the 15 Microcap Task Force coming into being there 16 may have been different iterations of it, 17 whether it was called something else? Do 18 you have a memory of that? 19 A I don't. 20 Q What is the Microcap Task Force? 21 A It's a group that's primarily 22 focused on microcap cases. 23 Q What does that mean? Can you give 24 me some context what that means? 25 A I haven't worked on any accounting</p>

<p>Page 18</p> <p>1 YITZCHOK KLUG 2 fraud cases. I haven't worked on anything 3 outside of microcap since I joined that 4 group. 5 Q What's a microcap case? What would 6 that mean, in your mind? 7 A In my mind, a microcap case would 8 be a case involving a microcap company. 9 Q We're going to get into what a 10 microcap company is. We'll come back to 11 that. 12 But was there a head, someone who 13 led the Microcap Task Force? 14 A There are coheads. Michael Paley 15 is one of the coheads. 16 Q Who is the other cohead? 17 A It's changed. It used to be Elisha 18 Frank, and it's now Jason Berkowitz. 19 Q When did that change happen? 20 A Within the last several months. 21 Q Are there any internal policies or 22 manuals that relate to the Microcap Task 23 Force and the work that is done there? 24 MR. McGRATH: Just yes or no. 25 A No.</p>	<p>Page 19</p> <p>1 YITZCHOK KLUG 2 Q There are not? 3 A Not that I recall. 4 Q About how many attorneys are part 5 of the Microcap Task Force? 6 A I'm not sure. I would only be 7 guessing. 8 Q More than 50? 9 A No. 10 Q Fewer than 50? 11 A I believe so. 12 Q Is the Microcap Task Force 13 comprised of SEC attorneys nationally, or is 14 it limited to the New York regional office? 15 A There are task force members in 16 other cities other than in the New York 17 regional office. 18 Q Okay. 19 How did it come to be that you 20 joined the Microcap Task Force? 21 A Michael Paley was my supervisor 22 prior to the inception of the task force and 23 I just joined up. 24 Q Do you understand why the Microcap 25 Task Force was formed?</p>
<p>Page 20</p> <p>1 YITZCHOK KLUG 2 MR. McGRATH: Yes or no? 3 A Yes. 4 Q Why was it formed? 5 MR. McGRATH: Objection. 6 Privileged. 7 MR. FISCHER: It may not be 8 privileged, though. 9 MR. McGRATH: You are asking 10 him why somebody else within the SEC 11 decided to form a task force. 12 MR. FISCHER: Well, to the 13 extent that that information may -- 14 that the SEC may have commented on 15 that information in the public 16 sphere, it may not be privileged. 17 MR. McGRATH: Well, all right. 18 To the extent that you are aware of 19 any public printouts regarding the reason 20 why the task force was formed, you can 21 answer it. 22 But if your knowledge is based on 23 internal discussions with other SEC 24 staff, I'm going to assert the 25 attorney/client, work product privilege?</p>	<p>Page 21</p> <p>1 YITZCHOK KLUG 2 A Best I can tell you is there may 3 have been some sort of release issued at the 4 time that the task force was formed. I'm 5 not sure that there was, but you could check 6 that. 7 Q Mr. Klug, other than the Microcap 8 Task Force, are you aware of any other 9 internal SEC task forces or working groups 10 that focus on microcap issues? 11 A I believe you mentioned one other. 12 Q The Microcap Fraud Working Group. 13 A I think that's right. 14 Q I want to make sure we have a clear 15 record. 16 Do you understand what the 17 differences are, if any, between the 18 Microcap Task Force and the Microcap Fraud 19 Working Group? 20 A I can't say that I do, no. 21 Q Is it your understanding that the 22 Microcap Fraud Working Group is still in 23 existence? 24 A It is. That's my understanding. 25 Q Is your understanding that the</p>

<p>1 YITZCHOK KLUG 2 But you can answer if you 3 understand it. 4 A There's nothing specific that I 5 know. I would be speculating. I'm not 6 telling you something that I know happened. 7 I can only tell you what I think might 8 happen. 9 Q Okay. Based on your review of this 10 document? 11 A Well, just based on seeing their 12 names there. 13 Q Sure. 14 A If there's analysis to be done on 15 trading of a particular stock, they would be 16 helpful in investigation. 17 Q You mentioned also that there 18 were -- you identified some -- I think you 19 used the term "contractors." 20 A Yes. In recent years at the SEC, 21 I've seen staff that have the title of 22 "contractor." I've seen some of their names 23 on this sheet. 24 Q Do you know what the title of 25 contractor means?</p>	<p>1 YITZCHOK KLUG 2 A I'm not sure what it means, no. 3 Q Mr. Klug, I'm just going to direct 4 you to the first page of Exhibit 1. 5 A Okay. 6 Q And I'll read it aloud, the body of 7 the letter. 8 "Pursuant to your request, enclosed 9 please find a list of current and former 10 members of the Microcap Fraud Task Force and 11 Microcap Fraud Working Group." 12 Does this document refresh your 13 recollection that the task force you are a 14 part of is actually called the Microcap 15 Fraud Task Force? 16 A Yes. 17 Q And does this document -- 18 A Actually, if I may. 19 Q Yeah. 20 A Perhaps it has two names. I was 21 always under the impression I was part of 22 the Microcap Task Force. I'm not sure if 23 the fraud task force is the same thing. 24 Q But you are listed here as a person 25 on one of these task forces, correct?</p>
<p>1 YITZCHOK KLUG 2 A That is correct. 3 Q So for purposes of this deposition 4 and your testimony, you're not disputing the 5 fact you are part of the Microcap Task 6 Force, whether it's called Microcap Fraud 7 Task Force or -- 8 A I'm not. 9 MR. FISCHER: I'm going to mark 10 two documents as exhibits. Although 11 I may not ask questions about them 12 right away, I just want to have them 13 handy. 14 This is going to be Klug Exhibit 2. 15 (Klug Exhibit 2, Complaint, 16 was marked for Identification.) 17 (Klug Exhibit 3, Letter dated 18 May 6, 2011, no Bates numbers, was 19 marked for Identification.) 20 BY MR. FISCHER: 21 Q Mr. Klug, before I ask you 22 questions about those -- put those off to 23 the side for a second. I'm not going to ask 24 you any specific questions about those right 25 away, but I would like for you to have them</p>	<p>1 YITZCHOK KLUG 2 handy in case I refer to them. 3 I've asked you some questions 4 generally about microcap securities. 5 Can you tell me what a microcap 6 security is? 7 A I can't give you an exact 8 definition of what a microcap security is. 9 In general, I think of it as a 10 security selling at a very small price and a 11 very low price. 12 Q A small price and did you say a low 13 price? 14 A Instead of a small price, a low 15 price. 16 Q Any other factors that you think of 17 when thinking about whether a security is a 18 microcap security or not? 19 A Not that come to mind, no. 20 Q In considering whether a security 21 is a microcap, do you consider the 22 capitalization of the company at all? 23 MR. McGRATH: I'm going to 24 object to the question as privileged. 25 You are asking for his thought</p>

<p style="text-align: right;">Page 34</p> <p>1 YITZCHOK KLUG 2 that you've seen a microcap security listed 3 on the New York Stock Exchange? 4 A Has not. 5 Q You defined a microcap earlier as a 6 security that may be selling at a low price. 7 Okay? 8 A Okay. 9 Q Right. You said that? 10 A I did. 11 Q There are securities from time to 12 time on various national exchanges, whether 13 it's the New York Stock Exchange or another 14 stock exchange, that may be selling at a low 15 price? 16 A What would be a low price in your 17 mind? 18 Q You defined a microcap security as 19 a security selling at a low price. 20 So can you give me a sense of what 21 a low price would be to have a security 22 characterized as a microcap security? 23 A My view, my personal view is if I 24 see a stock selling for pennies, that would 25 be a microcap security.</p>	<p style="text-align: right;">Page 35</p> <p>1 YITZCHOK KLUG 2 If I see a stock selling -- I 3 believe the New York Stock Exchange has 4 rules as to how low the price of the stock 5 can go before it can be listed. I can't 6 imagine anything ever selling for pennies on 7 the New York Stock Exchange. I don't recall 8 that I have. 9 Q That's helpful. 10 Have you used term -- with air 11 quotes around it -- "penny stock"?</p> <p>12 A I have. 13 Q Do you draw any distinction -- what 14 is a penny stock? Is there a definition you 15 use when thinking about a penny stock? 16 A There is no definition, no. I 17 would think that penny stocks and microcap 18 stocks are the same thing. 19 Q Do you draw any distinction in your 20 mind between a penny stock and a microcap 21 stock? 22 A In my mind, penny stocks are 23 microcap stocks. 24 Q Okay. Are microcap stocks penny 25 stocks? They don't have to be?</p>
<p style="text-align: right;">Page 36</p> <p>1 YITZCHOK KLUG 2 MR. McGRATH: In your mind. 3 A I'd have to think about that. 4 Not necessarily. I've seen 5 microcap stocks that are selling for more 6 than 1, 2, 3, 4 cents. I've seen microcap 7 stocks that are selling closer to a dollar. 8 Q Mr. Klug, I'm sorry, I just want to 9 make sure I understand. 10 So I think I understand what you 11 are saying. There may be microcap stocks 12 that are not penny stocks because they're 13 trading at a higher level than a penny stock 14 may ordinarily trade. 15 Is that generally correct? 16 MR. McGRATH: Again, just 17 object to the form. 18 Just so it's clear, he's asking you 19 your understanding of the term as you use 20 it. 21 Right? And to the extent you are 22 not, if you are asking his understanding 23 of what the SEC's internal views are, 24 I'll object to that. 25 But for purposes of use of terms in</p>	<p style="text-align: right;">Page 37</p> <p>1 YITZCHOK KLUG 2 deposition, to the extent he's asking you 3 when you use that phrase what do you mean 4 by it, I'm not objecting. 5 MR. FISCHER: I think that's 6 right. Although I may -- I don't 7 know that -- it seems to me that even 8 from before, Mr. Klug doesn't -- that 9 there isn't sort of a broader 10 definition that he would use on 11 behalf of the agency. I thought I 12 asked him that. 13 MR. McGRATH: Well, I don't 14 remember you asking him anything 15 about what he uses on behalf of the 16 agency, but you asked him what his 17 understanding of the term was. 18 MR. FISCHER: I can clean that 19 up a little bit. 20 MR. McGRATH: Just so it's 21 clear, to the extent he's asking you 22 your personal understanding of a term 23 that you use regarding penny stock 24 and microcap, I'm not objecting. 25 If it gets into your understanding</p>

<p style="text-align: right;">Page 58</p> <p>1 YITZCHOK KLUG 2 three or four things in there that I 3 would factually disagree with. But 4 the bottom line is -- 5 MR. FISCHER: You have more 6 information than I do. 7 MR. McGRATH: -- whatever their 8 motivation was for asking or sending 9 e-mail, I'm going to assert a 10 privilege on because that's getting 11 into the mental thought processes of 12 the attorney who's working on an 13 enforcement -- 14 MR. FISCHER: Well, I don't 15 think we're there yet, but at a 16 minimum I'm entitled -- I don't know 17 whether we should be having this 18 discussion in front of the witness. 19 But I would object. I believe I am 20 entitled to ask him questions about 21 the relevant exemptions and his 22 understandings of that. I've asked 23 him questions this morning about his 24 understanding of other things. The 25 case involves communications</p>	<p style="text-align: right;">Page 59</p> <p>1 YITZCHOK KLUG 2 regarding the meaning of the relevant 3 registration expectations. He was 4 communicating with Jamison about the 5 relevant registration exemptions. I 6 have to ask him what his baseline 7 understanding is of them. 8 MR. McGRATH: And I disagree. 9 I think we have a fundamental 10 disagreement. 11 MR. FISCHER: So you are going 12 to assert privilege, so the record is 13 clear, over any questions regarding 14 Mr. Klug's understanding of rule -- 15 understanding of securities 16 registration exemptions? 17 MR. McGRATH: Yes. 18 (Pause.) 19 MR. McGRATH: So I think I had 20 just said yes and then we got cut 21 off. 22 And I just want to add for the 23 reasons I mentioned previously, which is 24 that Mr. Klug has not been designated as 25 an expert by either side. He's not been</p>
<p style="text-align: right;">Page 60</p> <p>1 YITZCHOK KLUG 2 designated as a 30(b)(6) witness. 3 He's already testified that he's a 4 staff attorney with the Enforcement 5 Division. He works on investigations in 6 Enforcement actions. 7 And to the extent you are going to 8 ask him questions about his mental 9 thought processes, about his 10 understanding of the law or his 11 motivation for why he did something or 12 didn't do something, I'm going to object 13 on privilege grounds for those reasons. 14 MR. FISCHER: I'm going to take 15 issue with the objection. I want the 16 record to reflect that we are here to 17 discuss Mr. Klug's communications 18 about Rule 504, and for him to 19 prohibit me to go into Mr. Klug's 20 understanding into Rule 504, his 21 knowledge of it prior to and after he 22 had communications with Delaware 23 securities regulators, I'm completely 24 hindered in my ability to fully 25 understand the meaning and nature of</p>	<p style="text-align: right;">Page 61</p> <p>1 YITZCHOK KLUG 2 the communications. 3 I may try to ask some additional 4 questions, Kevin, about this issue and 5 you can object or not. 6 MR. McGRATH: Uh-huh. 7 BY MR. FISCHER: 8 Q You had testified, Mr. Klug, about 9 microcap -- you gave some testimony about 10 registered microcap securities. 11 Do you know what Rule 504 is? 12 MR. McGRATH: Just answer yes 13 or no. 14 A I was familiar with Rule 504 15 several years ago. I'm not familiar with it 16 now. 17 Q What period of time were you 18 familiar with Rule 504? 19 A The 2010 range. 20 Q And you're not familiar with it now 21 such that you can offer testimony on it? 22 A I've not looked at Rule 504 in at 23 least five years. I wouldn't want to offer 24 any testimony on it, no. 25 Q You wouldn't want to or you are</p>

<p style="text-align: right;">Page 70</p> <p>1 YITZCHOK KLUG 2 don't understand what that means. 3 A You asked me for the name of the 4 case. 5 Q Right. 6 A That's what I told you I think the 7 name of the case was, one of those two. I 8 didn't check the name of the case before I 9 came here today. But I'm sure that's 10 information I can get from Kevin after 11 today. 12 Q If you look in the left-hand side 13 of this document, it says "In the Matter of 14 Virginia Sourlis." 15 Do you see that? 16 A Yes. 17 Q Is this the case that you were 18 referring to earlier? 19 A No. 20 Q It's not? 21 A No. 22 Q Did the case that you were 23 referring to earlier, was an action filed 24 against Virginia Sourlis? 25 A No.</p>	<p style="text-align: right;">Page 71</p> <p>1 YITZCHOK KLUG 2 Q Can you tell me what that 3 investigation involved? 4 MR. McGRATH: Just generally. 5 A It involved opinion letters that 6 Ms. Sourlis had written. 7 Q What kind of opinion letters? 8 MR. McGRATH: Can I just -- I 9 just want to get some clarification 10 before I assert privilege or not. So 11 can I ask him a question? 12 MR. FISCHER: Ask him a 13 question? 14 MR. McGRATH: Yeah. 15 Well, if not, then I would say to 16 the extent that he's asking you about an 17 investigation that did not become an 18 enforcement action, I'll object on 19 privilege grounds, law enforcement 20 privilege. 21 But if that's not the case, then 22 you can answer the question. 23 THE WITNESS: Can you repeat 24 the question, please. 25 MR. FISCHER: Can I have the</p>
<p style="text-align: right;">Page 72</p> <p>1 YITZCHOK KLUG 2 question read back, please. 3 (Requested portion of record read: 4 "Question: What kind of opinion 5 letters?") 6 (End of read-back.) 7 A The kind of opinion letter that I 8 sent to Mr. Jamison in that e-mail that 9 we've heard about. 10 MR. McGRATH: There's no 11 question pending. I just want to 12 have a minute off the record. 13 (Pause.) 14 BY MR. FISCHER: 15 Q Mr. Klug, I'm just going to try to 16 do some clarifying for the record. 17 So you said that you were involved 18 in an investigation relating to Ms. Sourlis 19 that related to the kinds of opinion letters 20 that were attached to your e-mail that we 21 will review later today to Mr. Jamison in 22 2010, correct? 23 A Correct. 24 Q Were you involved in any other SEC 25 investigations as to Ms. Sourlis?</p>	<p style="text-align: right;">Page 73</p> <p>1 YITZCHOK KLUG 2 A I'm aware of the investigation or 3 of the cases that you showed me in Exhibit 6 4 and 7. I did not work on them. 5 Q Okay. And I think you already 6 testified to this -- and if you did, your 7 excellent attorney will appropriately object 8 as asked and answered -- but the 9 investigation that you were involved in with 10 respect to Ms. Sourlis did not result in an 11 enforcement action, correct? 12 A Correct. 13 Q Did it result in an administrative 14 proceeding against her? 15 A No. 16 Q It did not. Okay. 17 Mr. Klug, did you have any role in 18 the investigation of an individual named 19 Danny Garber? 20 A No. 21 Q Did you have any role in the 22 investigation of an individual named Michael 23 Manis, M-A-N-I-S? 24 A No. 25 Q Did you have any role in the</p>

<p>1 YITZCHOK KLUG 2 investigation of an individual named Kenneth 3 Yellin, Y-E-L-L-I-N? 4 A No. 5 Q Did you have any role in an 6 investigation of an individual named Jordan 7 Feinstein? 8 A No. 9 MR. FISCHER: I'm just going to 10 mark this as Exhibit 8. 11 (Klug Exhibit 8, Protective 12 Order, was marked for 13 Identification.) 14 BY MR. FISCHER: 15 Q I just want you to look at the 16 caption of that case, Mr. Klug. 17 Take a look at the entities and 18 individuals that are named as defendants and 19 if you can tell me whether you've had any 20 involvement in any of the investigations of 21 any of those defendants. 22 A No. 23 Q Mr. Klug, do you recall having 24 worked on any investigations relating to 25 allegations that a party did not properly</p>	<p>Page 74</p> <p>1 YITZCHOK KLUG 2 rely on Rule 504? 3 A The investigation that I worked on? 4 My Virginia Sourlis case? I believe those 5 were some of the allegations we saw in that 6 case. 7 Q Okay. 8 A Actually, let me restate that. 9 What I was looking at in that 10 case -- 11 MR. McGRATH: I'm going to 12 object to what you were looking at. 13 He's asking you what investigations 14 you worked on. To the extent that 15 they're public, you can testify or to the 16 extent they're nonpublic you can identify 17 generally what they are, but what you 18 were looking at specifically is attorney 19 work product and I will object. 20 So if you can give a general answer 21 to the question, I have no objection. 22 MR. FISCHER: And maybe I'll 23 rephrase the question a little bit. 24 BY MR. FISCHER: 25 Q Apart from the investigation of</p>
<p>1 YITZCHOK KLUG 2 Virginia Sourlis, were you involved in any 3 other investigations that examined a party's 4 reliance on Rule 504? 5 A No. 6 Q Apart from Virginia Sourlis, were 7 you involved in any investigations that 8 examined a party's reliance on a state 9 securities registration exemption? 10 A No. 11 Q And I would say for the record, 12 Mr. Klug, just in rule of depositions, while 13 a question is pending we ask that you not 14 take a break, you not consult with your 15 attorney. If at any point today you do want 16 to take a break while a question is not 17 pending for any question, just let me know 18 or let your counsel know and we'll be more 19 than likely accommodate that. 20 But while a question is pending, we 21 need the answer to the question. Okay? 22 A Sure. 23 MR. FISCHER: I think we're 24 going to mark Exhibit 9. 25 (Klug Exhibit 9, Exemptions,</p>	<p>Page 77</p> <p>1 YITZCHOK KLUG 2 6 Delaware Code Section 73-207, was 3 marked for Identification.) 4 BY MR. FISCHER: 5 Q Mr. Klug, directing you to 6 Exhibit 9 which is entitled 6 Delaware Code 7 Section 73-207. 8 I'm just going to ask you whether 9 you recognize that document. 10 A I don't. 11 (Klug Exhibit 10, E-mail dated 12 Wednesday, November 10, 2010, 13 6:08 p.m., Bates Numbers 14 SEC-SEC-0007773 through 15 SEC-SEC-0007777, was marked for 16 Identification.) 17 BY MR. FISCHER: 18 Q Mr. Klug, whenever you're ready. 19 Whenever you are ready. 20 A Would you like me to read this 21 first? 22 Q Whenever you are comfortable 23 starting. 24 A Go ahead. 25 Q Do you recognize this document?</p>

<p style="text-align: right;">Page 78</p> <p>1 YITZCHOK KLUG 2 A Yes. 3 Q What is this document? 4 A It is an e-mail from myself to 5 Peter Jamison. 6 Q Who is Peter Jamison? 7 A I believe he was one of the 8 securities regulators in Delaware or in the 9 Delaware department of securities, whatever 10 that would be called. 11 Q How did it come to be that you sent 12 an e-mail to Mr. Jamison? 13 MR. MCGRATH: Objection. 14 Privileged. Calls for his attorney 15 work product and his process why he 16 did something. 17 MR. FISCHER: I'll withdraw the 18 question. 19 Q Who is Michael Paley? I think you 20 mentioned his name earlier today. 21 A He's my supervisor. 22 Q Was he your supervisor at the time 23 you sent this e-mail? 24 A Yes. 25 Q Did you discuss -- prior to sending</p>	<p style="text-align: right;">Page 79</p> <p>1 YITZCHOK KLUG 2 this e-mail, did you discuss with Mr. Paley 3 the reasons for sending the e-mail? 4 MR. MCGRATH: Objection. 5 MR. FISCHER: Yes or no. 6 MR. MCGRATH: I'm going to 7 object even whether or not there was 8 a discussion about it. 9 MR. FISCHER: That's 10 privileged? 11 MR. MCGRATH: Yes. The steps 12 that he took or didn't take before he 13 engaged in any Enforcement activity 14 is privileged. So whether he took a 15 step or didn't take a step is 16 privileged. 17 MR. FISCHER: We disagree with 18 that. 19 BY MR. FISCHER: 20 Q Why don't we walk through the 21 e-mail. 22 By the way, you said that 23 Mr. Jamison had a role at the Delaware 24 Securities Commission? 25 A If that's what it's called. I</p>
<p style="text-align: right;">Page 80</p> <p>1 YITZCHOK KLUG 2 don't remember the exact name. 3 Q Do you remember what his role was? 4 A I don't. 5 Q Do you know what his 6 responsibilities were? 7 A No. But if I sent him a letter, my 8 assumption is that he was the right person 9 to speak with or one of the right people to 10 speak with. 11 Q Where did you get that assumption 12 from? 13 A I don't recall. 14 Q Mr. Paley? 15 MR. MCGRATH: Objection. 16 Privileged. Communications with 17 another staff member in terms of 18 attorney work product. 19 Q Do you know whether anyone at the 20 SEC had ever sought advice from Mr. Jamison 21 prior to you reaching out to him, as a yes 22 or no? 23 MR. MCGRATH: Objection. 24 Privileged. Work product. 25 BY MR. FISCHER:</p>	<p style="text-align: right;">Page 81</p> <p>1 YITZCHOK KLUG 2 Q Prior to this communication on 3 November 10, 2010, had you ever communicated 4 with Mr. Jamison? 5 A The very first words in the first 6 paragraph are "as we discussed on the 7 phone," so I presume we did, although I 8 don't specifically remember. 9 Q Apart from that communication on 10 the phone, had you ever communicated with 11 Mr. Jamison? 12 A Not that I can recall. 13 Q Do you recall how you got his phone 14 number? 15 A No. 16 Q Do you recall whether you e-mailed 17 him -- had ever e-mailed him prior to this 18 call? 19 A I don't. 20 Q You don't recall or you don't know? 21 A I don't recall if I did or didn't. 22 Q So let's look at the body of the 23 e-mail that you wrote, Mr. Klug. 24 The first paragraph says, "Peter, 25 as we discussed on the phone, I am attaching</p>

<p style="text-align: right;">Page 86</p> <p>1 YITZCHOK KLUG 2 with anyone from the Delaware Securities 3 Commission? 4 A No. 5 Q So we're still talking about those 6 first five or six words "as we discussed on 7 the phone" and the phone conversation that 8 was prior to this e-mail. 9 Had you ever spoken, prior to that 10 phone conversation, to Mr. Jamison? 11 A Not that I recall. 12 Q Is it possible that you did? 13 A Anything is possible. I don't 14 know. 15 Q Do you think you did? 16 A I don't think I did. 17 Q What did you discuss with 18 Mr. Jamison on that phone call? 19 A I don't recall. 20 Q You've no recollection? 21 A No. 22 Q Do your notes summarize what was 23 discussed on that call? 24 A Presumably. 25 Q And you've reviewed those notes a</p>	<p style="text-align: right;">Page 87</p> <p>1 YITZCHOK KLUG 2 couple months ago? 3 A I think I said four or five months 4 ago. 5 Q And you have no -- that did not 6 refresh your recollection as to what you 7 discussed with him on the phone? 8 A Correct. 9 Q Do you recall whether you were 10 reaching out to Mr. Jamison in connection 11 with a specific investigation? 12 A It would have been the 13 investigation that I was working on, the 14 Virginia Sourlis investigation. 15 Q So you say "as we discussed on the 16 phone" and then you go on to say you are 17 attaching an opinion letter authored by 18 Virginia Sourlis. 19 And if you flip the page over, what 20 you'll see is a letter from Virginia Sourlis 21 to Manhattan Transfer Registrar Company 22 regarding goIP Global. 23 Do you see that? 24 A I do. 25 Q Mr. Klug, where did you -- at the</p>
<p style="text-align: right;">Page 88</p> <p>1 YITZCHOK KLUG 2 time that you had this e-mail communication 3 with Mr. Jamison, where did you get this 4 letter? 5 MR. McGRATH: Objection. 6 Privileged. Attorney work product. 7 BY MR. FISCHER: 8 Q Well, did you receive the letter 9 pursuant to a Subpoena? 10 A I don't recall. 11 Q Getting back to your discussion 12 with Mr. Jamison on the phone, did you have 13 any communication with him about why you 14 were reaching out to him? 15 A I don't remember what our 16 discussion was about. Presumably my notes 17 would say that. 18 Q Do you recall whether, in addition 19 to this letter from Virginia Sourlis, you 20 sent any additional information to 21 Mr. Jamison in connection with your 22 communications with him? 23 A I don't recall. 24 Q Do you recall sending him anything 25 by mail?</p>	<p style="text-align: right;">Page 89</p> <p>1 YITZCHOK KLUG 2 A I don't recall. 3 Q Were you asked as part of this 4 case, SEC versus Edward Bronson, to review 5 your e-mails in connection with your 6 communications with Mr. Jamison? 7 A There was a point where I was 8 reviewing my e-mails. I imagine it was for 9 this case, but I'm not sure. 10 Q Is that within the last year? 11 A I'm not sure. 12 Q Do you recall when it was? 13 A I don't specifically but, you know, 14 I would say it's within the last two years. 15 Q And who asked you to do that? 16 A I don't remember. 17 Q I'm just going to have you take a 18 look at the first page of the attached 19 letter from Virginia Sourlis. Actually, 20 it's from her law firm, the Sourlis law 21 firm, to the Manhattan Transfer Registrar 22 Company. 23 Just looking at it very generally, 24 does this letter refresh your recollection 25 as to what Rule 504 is?</p>

<p style="text-align: right;">Page 122</p> <p>1 YITZCHOK KLUG 2 were produced to us -- is the e-mail that we 3 were just talking about, the November 10, 4 2010 e-mail between you and Mr. Jamison 5 which cc'd Michael Paley. We just asked a 6 lot of questions on it. 7 Do you see that? On the bottom of 8 the first page and continues on to the 9 second page. 10 A I do. 11 Q And then going up from there, 12 there's additional correspondence. 13 Do you see that? 14 A Yes. 15 Q I'd like to now ask you questions 16 about that additional correspondence. So 17 I'm just trying to orient you to exactly 18 what I want to talk about. 19 A Okay. 20 Q So orienting you to the middle of 21 the page which is an e-mail from Peter 22 Jamison to you dated Friday, 23 November 19th, 2010 at 9:27 a.m. 24 And the e-mail reads as follows: 25 "Yitz, I had reviewed Ms. Sourlis' letter of</p>	<p style="text-align: right;">Page 123</p> <p>1 YITZCHOK KLUG 2 August 23, 2010 to the Manhattan Transfer 3 Registrar Company and it does appear that 4 Ms. Sourlis' interpretation of 5 6 Del.C.7309(b)(8) and Section 510 of the 6 rules and regulations pursuant to the 7 Delaware Securities Act is correct." 8 Do you see that? 9 A I do. 10 Q Before I get into those words, nine 11 days elapse between your e-mail to Peter 12 Jamison and Mr. Jamison's e-mail to you. 13 Do you see that? 14 A Yes. 15 Q Did you have any oral 16 communications with Mr. Jamison during that 17 period? 18 A Not that I recall. 19 Q Did you have any e-mails with 20 Mr. Jamison during that period? 21 A No. 22 Q Do you recall whether you called 23 him up and asked him to follow up on this 24 issue because you hadn't heard from him in 25 nine days prior to this?</p>
<p style="text-align: right;">Page 124</p> <p>1 YITZCHOK KLUG 2 A I don't recall. 3 Q Were you under any time pressure to 4 get an opinion from Mr. Jamison? 5 A I don't recall. 6 Q Focusing on the first sentence of 7 Mr. Jamison's e-mail to you, "Yitz, I had 8 reviewed Ms. Sourlis' letter of August 23, 9 2010 to the Manhattan Transfer Registrar 10 Company and it does appear that her 11 interpretation of the rules" that I stated 12 earlier -- that's me talking -- "is 13 correct." 14 Do you see that? 15 A Yes. 16 Q Did you have any discussions with 17 Mr. Jamison about what he meant by that? 18 A Not that I recall. 19 Q After this e-mail. 20 A I don't recall. 21 Q Did you pick up the phone after you 22 received this e-mail and discuss this issue 23 with Mr. Jamison? 24 A I don't recall. 25 Q If you had picked up the phone and</p>	<p style="text-align: right;">Page 125</p> <p>1 YITZCHOK KLUG 2 discussed this issue with Mr. Jamison, would 3 you have taken -- would it have been your 4 practice to have taken notes during that 5 phone conversation? 6 A If I had picked up the phone to 7 him? 8 Q Yes. 9 A Yes. 10 Q Had you undertaken to examine 11 whether those notes exist? 12 A I have not found any notes. 13 Q You looked for them? 14 A I did. 15 Q Looked for a note of a conversation 16 with -- what exactly did you look for? 17 A I looked for notes of any 18 conversations with Mr. Jamison. 19 Q Did you locate any notes? 20 A I think we talked about notes 21 earlier that I have of a call with 22 Mr. Jamison. 23 Q Apart from those notes, did you 24 locate any additional notes? 25 A Of a call between myself and</p>

<p>1 YITZCHOK KLUG 2 Mr. Jamison? 3 Q Any communications -- any notes 4 memorializing communications with 5 Mr. Jamison. 6 A Yes. 7 There was another call with 8 Mr. Jamison later on in time that I 9 participated in. 10 Q Was that in 2011? 11 A I don't remember. 12 Q When you say "later on in time" -- 13 A It was probably in 2011 because 14 this is November 2010. But I'm not sure. 15 Q Apart from those notes and the ones 16 that we discussed earlier this morning, any 17 other notes memorializing communications or 18 contact that you had with Mr. Jamison? 19 A No. 20 Q When Mr. Jamison says that -- and 21 I'm paraphrasing -- it does appear that 22 Ms. Sourlis' interpretation of Delaware law 23 is correct, do you have any confusion as to 24 what he was talking about then? 25 MR. McGRATH: Objection.</p>	<p>1 YITZCHOK KLUG 2 Privileged. You are asking an 3 Enforcement attorney for his mental 4 thought processes during the course 5 of an investigation, so I'm going to 6 object on the grounds as privileged 7 work product. 8 BY MR. FISCHER: 9 Q Did you articulate any confusion to 10 Mr. Jamison as to what he meant by that? 11 A Not that I recall. 12 Q I'm not asking you for the 13 substance of the conversations, but 14 Mr. Jamison's opinion that Ms. Sourlis' 15 interpretation of Delaware law was correct, 16 did you communicate that to anyone at the 17 SEC? Yes or no? 18 A I probably told Michael Paley or 19 let him know in some way. 20 Q Did you forward this e-mail that 21 you received from Peter Jamison to Michael 22 Paley? 23 A I don't recall. 24 Q Have you looked in your e-mails to 25 determine whether you forwarded this e-mail</p>
<p>1 YITZCHOK KLUG 2 to Michael Paley? 3 A I don't think so. 4 MR. FISCHER: Kevin, I would 5 make a request that you take a look 6 to see whether this e-mail was 7 forwarded to Michael Paley or anyone 8 at the SEC. 9 (Request made.) 10 BY MR. FISCHER: 11 Q Mr. Jamison goes on to state in his 12 e-mail to you on 9:27 a.m.: 13 "That being said, if the SEC 14 believes that the use of the Delaware 15 exemption at Section 7309(b)(8) in this 16 particular case is contrary to the public 17 interest, please let me know. Delaware does 18 have a procedure that authorizes the 19 commissioner to withdraw an exemption on a 20 general or case-by-case basis." 21 Do you see that? 22 A I do. 23 Q Did you ever have a communication 24 with Mr. Jamison that the use of 25 Section 730(b)8 as described was contrary to</p>	<p>1 YITZCHOK KLUG 2 the public interest? 3 A Not that I recall. 4 Q Did you ever ask Mr. Jamison to 5 invoke the procedure that authorizes the 6 commissioner to withdraw an exemption on a 7 general or a case-by-case basis? 8 A Not that I recall. 9 Q Do you have any understanding of 10 whether Delaware -- the Delaware Securities 11 Commission has an -- withdraw the question. 12 Do you have any understanding of 13 whether the Delaware Securities Commissioner 14 has a mechanism to enforce what he or she 15 may think is noncompliance with 16 Section 730(b)8 of the Delaware securities 17 code? 18 A I don't. 19 Q Did you ever have any discussions 20 with Mr. Jamison about that? 21 A Not that I recall. 22 Q Are you aware of whether Delaware 23 has ever withdrawn its exemption on a 24 general basis? 25 A I'm not.</p>

<p style="text-align: right;">Page 174</p> <p>1 YITZCHOK KLUG 2 Q At or around this time, August 2011 3 when Ms. Yeu e-mails Mr. Jamison, did you 4 have any telephone discussions with 5 Mr. Jamison? 6 A From the August 8th e-mail, I 7 seemed to have been included on a phone 8 call. 9 Q And we'll get to that. 10 A So you are speaking about something 11 else? 12 Q Do you recall any conversations you 13 had with Mr. Jamison in or around the 14 August 2011 time period? 15 A Outside of what I just mentioned, 16 no. 17 Q Apart from that August 8th call 18 that we'll talk about, you don't remember 19 anything else? 20 A No. 21 Q If you look up from where we're 22 looking right now, on the same page 23 Mr. Jamison responds a few days later on 24 August 5, 2011 at 11:08 a.m. and says, 25 "Ms. Yeu, I will be available most of next</p>	<p style="text-align: right;">Page 175</p> <p>1 YITZCHOK KLUG 2 week (except Thursdays) to talk with you. 3 Please let me know what would be convenient 4 for you." 5 Do you see that? 6 A I do. 7 Q Have you ever seen that portion of 8 this e-mail before? 9 A No. 10 Q Flip to the prior page, Bates 11 Number 7796. She responds, "Thank you. I'm 12 available Monday morning. How is 10 a.m.?" 13 Have you ever seen this e-mail 14 before? 15 A No. 16 Q Mr. Jamison responds on Friday, 17 August 5th at 11:29 a.m., "That will be 18 fine. Please call me then." 19 Have you ever seen that portion of 20 the e-mail? 21 A No. 22 Q And then looking up, there's an 23 e-mail from Laura Yeu to Peter Jamison on 24 Monday, August 8, 2011 at 9:57 a.m. 25 And it reads as follows: "Good</p>
<p style="text-align: right;">Page 176</p> <p>1 YITZCHOK KLUG 2 morning, Peter. I will be joined on the 3 call this morning with my colleagues, 4 Michael Paley, assistant regional director, 5 Yitzchok Klug, attorney, and possibly a few 6 others including Joe Dever, senior counsel." 7 Dever is D-E-V-E-R. 8 "My colleagues and I have different 9 cases that all involve similar issues under 10 Delaware law. I will be rounding up the 11 group in a few minutes and will call you at 12 the number below. I look forward to 13 speaking with you. Best, Laura." 14 Do you see that? 15 A I do. 16 Q Do you have any recollection of 17 ever seeing that e-mail? 18 A No. 19 Q The e-mail, Mr. Klug, references 20 the fact that you, among others, will be 21 joining Laura Yeu and Peter Jamison on a 22 call on August 8, 2011. 23 Do you see that? 24 A Yes. 25 Q Did that happen? Did you</p>	<p style="text-align: right;">Page 177</p> <p>1 YITZCHOK KLUG 2 participate in a call on August 8, 2011? 3 A I did. 4 Q What do you remember about that? 5 A I don't remember anything about the 6 call. However, I did find that I took some 7 notes on that call. So that's how I know 8 outside of this e-mail that I was present. 9 Q Do the notes -- did you review the 10 notes? 11 A Not for the last several months, 12 no. It was about four or five months ago. 13 Q At the same time you were reading 14 notes, you were discussing -- (sic/ph) 15 A Yes. 16 Q And did the notes refresh your 17 recollection as to anything that was 18 discussed during the call? 19 A No. 20 Q The e-mail says that Ms. Yeu would 21 be joined on the call this morning with 22 Michael Paley, you and possibly a few others 23 including Joe Dever. 24 Do you recall who was ultimately on 25 the call?</p>

<p>1 YITZCHOK KLUG</p> <p>2 Q Do you recall whether -- so we've</p> <p>3 seen this e-mail communication chain back</p> <p>4 and forth, right. And it's not reflected in</p> <p>5 this e-mail, but in your first e-mail</p> <p>6 exchange with him, there was a Virginia</p> <p>7 Sourlis letter.</p> <p>8 A Yes.</p> <p>9 Q That we talked about this morning</p> <p>10 at length.</p> <p>11 Do you recall whether that letter</p> <p>12 was discussed during this call with</p> <p>13 Mr. Jamison?</p> <p>14 A I don't.</p> <p>15 Q Do you recall during the call with</p> <p>16 Mr. Jamison whether the issue of whether</p> <p>17 Delaware law permits general solicitation</p> <p>18 and advertising was raised? Do you recall?</p> <p>19 A I don't.</p> <p>20 Q Do you recall whether the issue</p> <p>21 of -- withdrawn.</p> <p>22 Do you recall whether there were</p> <p>23 any -- do you recall whether during the call</p> <p>24 with Mr. Jamison any questions were --</p> <p>25 withdraw that as well.</p>	<p>1 YITZCHOK KLUG</p> <p>2 Do you recall whether during the</p> <p>3 call with Mr. Jamison there was a discussion</p> <p>4 about transactions having a certain nexus to</p> <p>5 Delaware?</p> <p>6 A I don't.</p> <p>7 Q I'm going to ask you to flip to the</p> <p>8 first page of the document.</p> <p>9 It's a communication from</p> <p>10 Mr. Jamison to Laura Yeu also dated Monday,</p> <p>11 August 8, 2011 at 1:37 p.m.</p> <p>12 It says, "Laura, the citation for</p> <p>13 the Delaware Supreme Court case that I</p> <p>14 mentioned to you is Singer versus Magnavox</p> <p>15 Co., 380A.2d 969."</p> <p>16 Take a moment to take a look at</p> <p>17 this e-mail.</p> <p>18 Have you ever seen this e-mail</p> <p>19 before?</p> <p>20 A I don't believe so.</p> <p>21 Q Have you ever seen it in preparing</p> <p>22 for your testimony today?</p> <p>23 A No.</p> <p>24 Q Does that e-mail refresh your</p> <p>25 recollection as to anything that was</p>
<p>1 Page 184</p> <p>2 YITZCHOK KLUG</p> <p>3 discussed during the call?</p> <p>4 A No.</p> <p>5 Q Do you recall any discussion on the</p> <p>6 call of the Singer versus Magnavox case</p> <p>7 cited in Mr. Jamison's e-mail?</p> <p>8 A I don't.</p> <p>9 Q Do you have any recollection of</p> <p>10 whether -- I know you just testified that</p> <p>11 you don't recall the Singer versus Magnavox</p> <p>12 case being raised during the call.</p> <p>13 To the extent it was raised, do you</p> <p>14 think it would have been raised by the SEC</p> <p>15 or the Delaware Securities Commissioner?</p> <p>16 MR. McGRATH: I'm going to</p> <p>17 object to this. It's a hypothetical</p> <p>18 question. He's here as a fact</p> <p>19 witness.</p> <p>20 MR. FISCHER: No, I understand.</p> <p>21 I'll withdraw the question.</p> <p>22 MR. McGRATH: Thank you.</p> <p>23 BY MR. FISCHER:</p> <p>24 Q Earlier this morning we took a look</p> <p>25 at some e-mails between you and Peter</p> <p>26 Jamison in which he said -- and I'm</p>	<p>1 Page 185</p> <p>2 YITZCHOK KLUG</p> <p>3 paraphrasing -- that Ms. Sourlis' view of</p> <p>4 certain provisions of Delaware law was</p> <p>5 correct.</p> <p>6 Do you remember those generally?</p> <p>7 A I do.</p> <p>8 Q Do you recall whether Mr. Jamison</p> <p>9 said anything during the August 8, 2011 call</p> <p>10 to suggest that Ms. Sourlis' opinion was not</p> <p>11 correct?</p> <p>12 A I don't.</p> <p>13 Q Do you recall any discussions with</p> <p>14 Mr. Jamison about whether Rule 504 was an</p> <p>15 issuer exemption?</p> <p>16 A I don't.</p> <p>17 Q Was there any discussion with</p> <p>18 Mr. Jamison about who it was that the SEC</p> <p>19 was considering pursuing in connection with</p> <p>20 its investigations?</p> <p>21 A I don't remember.</p> <p>22 Q In other words, we saw some e-mails</p> <p>23 this morning about Virginia Sourlis.</p> <p>24 Do you recall, when you had those</p> <p>25 discussions with Mr. Jamison, it was made</p> <p>26 clear to Mr. Jamison that you were</p>

<p style="text-align: right;">Page 186</p> <p>1 YITZCHOK KLUG 2 investigating Ms. Sourlis? 3 A I'm not sure I understand the 4 question. 5 Q So the e-mails this morning that 6 you sent -- that we discussed -- the e-mails 7 we discussed this morning that involved you 8 and Mr. Jamison in which you forwarded an 9 opinion letter to Mr. Jamison, I think you 10 testified earlier that that was done in 11 connection with an investigation you were 12 working on with respect to Virginia Sourlis. 13 A Correct. 14 Q Did you make clear to Mr. Jamison 15 that you were working on an investigation 16 with respect to Virginia Sourlis? 17 A I don't remember. 18 Q I hesitate to use the word 19 "subject" because I don't think the SEC 20 likes to use the word "subject," but I'll 21 use it colloquially. 22 Do you know whether you 23 communicated to him an understanding that 24 Ms. Sourlis was the subject of an SEC 25 investigation?</p>	<p style="text-align: right;">Page 187</p> <p>1 YITZCHOK KLUG 2 A I don't remember. 3 Q Sitting here today having reviewed 4 some of the e-mails and thinking about this 5 issue, do you know whether any of the 6 attorneys that were involved in the 7 investigation of Edward Bronson and 8 E-Lionheart, whether any of those attorneys 9 were ever on a phone call with Mr. Jamison? 10 A I don't. 11 Q You don't know? 12 A I don't know. 13 Q Do you know who those individuals 14 were who investigated E-Lionheart and Edward 15 Bronson? 16 A No. 17 Q Did you ever ask Ms. Sourlis -- 18 withdrawn. 19 Did Ms. Sourlis ever prepare a 20 Wells submission relating to the 21 investigation that you were working on with 22 respect to her? 23 A No. 24 Q Was she ever asked to prepare one? 25 A No.</p>
<p style="text-align: right;">Page 188</p> <p>1 YITZCHOK KLUG 2 Q A few open-ended questions and then 3 we'll come back to the document. 4 In connection with your work 5 generally and Rule 504, do you have any 6 understanding of whether the SEC brought 7 actions, administrative or otherwise, 8 against any attorney for providing attorney 9 opinion letters in connection with a 10 Rule 504 transaction? 11 A Nothing clear, no. 12 Q Nothing clear? 13 A I can't think of one, although I 14 may have heard in the office or read a 15 release that comes across a computer that 16 there was some action. 17 Q Against an attorney? 18 A Possibly. 19 Q Not something you worked on? 20 A Not something I worked on, no. 21 Q Are you aware of any actions, 22 administrative or otherwise, that were 23 brought against any issuers of securities 24 who issued their securities pursuant to a 25 Rule 504 exemption?</p>	<p style="text-align: right;">Page 189</p> <p>1 YITZCHOK KLUG 2 A I'm not. 3 Q Are you aware of any actions, 4 administrative or otherwise, that were 5 brought against any transfer agents -- 6 A I'm not. 7 Q And the last question along this 8 topic. 9 Are you aware of any actions, 10 administrative or otherwise, that the SEC 11 brought in connection or against any brokers 12 who were handling these types of securities 13 that were issued pursuant to an exemption 14 under Rule 504? 15 A I'm not. 16 Q In connection with your 17 investigation of Ms. Sourlis, we saw this 18 morning an opinion letter relating to an 19 opinion she gave as to an entity that was 20 purchasing securities. 21 I'm going to withdraw the question. 22 It's a terrible question. 23 The opinion letter we looked at 24 this morning involved a transaction -- are 25 you aware whether the opinion letter we</p>

<p style="text-align: right;">Page 190</p> <p>1 YITZCHOK KLUG 2 looked at this morning involved a 3 transaction relating to one of Mr. Bronson's 4 companies? 5 A I am not. 6 Q Turning back to the e-mail, 7 Exhibit 12. At the top of the page, Laura 8 Yeu writes on Monday, August 8, 1:39 p.m., 9 "Thank you, Peter, for your time and 10 assistance. You've been quite helpful and 11 we do appreciate it. Best regards, Laura." 12 Mr. Klug, after this e-mail, do you 13 recall having any additional conversations 14 over e-mail or telephone or any other way 15 with Mr. Jamison? 16 A Not that I recall. 17 Q Do you recall having any additional 18 communications -- withdrawn. 19 Do you recall having any 20 communications with anyone else affiliated 21 with the Delaware Securities Commission? 22 A No. 23 Q Or anyone else from Delaware, even 24 if they weren't affiliated with the Delaware 25 Securities Commission, who was contacted to</p>	<p style="text-align: right;">Page 191</p> <p>1 YITZCHOK KLUG 2 provide guidance on the meaning of Delaware 3 securities registration exemptions? 4 A Not that I recall. 5 MR. FISCHER: Can we go off the 6 record a second. 7 (Pause.) 8 (Klug Exhibit 13, Plaintiff 9 Securities & Exchange Commission's 10 Responses and Objections to First 11 Set of Interrogatories of the 12 Defendants Edward Bronson and 13 E-Lionheart Associates, was marked 14 for Identification.) 15 BY MR. FISCHER: 16 Q I'm showing you Exhibit 13 which is 17 a document entitled Plaintiff Securities and 18 Exchange Commission's Responses and 19 Objections to the First Set of 20 Interrogatories of the Defendants Edward 21 Bronson and E-Lionheart Associates and 22 Relief Defendant Fairhills Capital. 23 And it's dated January 26, 2015. 24 Do you see that, Mr. Klug? 25 A Yes.</p>
<p style="text-align: right;">Page 192</p> <p>1 YITZCHOK KLUG 2 Q Directing your attention to Page 3. 3 A Okay. 4 Q There is an Interrogatory Number 1 5 which states, "Identify all persons with 6 knowledge or information concerning the 7 subject matter of this action." 8 And then it says, "For each person 9 identified, state the specific subject 10 matter the person has knowledge or 11 information of." 12 And then if you look down not at 13 the next paragraph but the paragraph after 14 that, the second sentence says, "The 15 Commission also identifies Owen Lefkon, 16 Securities Commissioner, Delaware Department 17 of Justice; Gregory Strong, former 18 Securities Commissioner, Delaware Department 19 of Justice." 20 Do you see that? 21 A Yes. 22 Q Goes on to also identify Peter 23 Jamison, III. 24 Mr. Klug, did you have any 25 communications with Owen Lefkon?</p>	<p style="text-align: right;">Page 193</p> <p>1 YITZCHOK KLUG 2 A Not that I recall. 3 Q Have you ever heard the name Owen 4 Lefkon? 5 A Not that I recall. 6 Q Were you aware whether anyone at 7 the Securities and Exchange Commission had 8 communications with Owen Lefkon? 9 A I'm not. 10 Q Are you familiar -- have you ever 11 had any communications with Gregory Strong? 12 A Not that I recall. 13 Q Have you ever heard the name 14 Gregory Strong? 15 A Not that I recall. 16 Q Are you aware of whether anyone 17 from the SEC has had communications with 18 Gregory Strong? 19 A I'm not. 20 Q I think you can put that off to the 21 side. 22 Are you aware with respect to 23 Rule 504 whether the SEC engages in any 24 dialogue with the investigating public about 25 Rule 504?</p>

Yitzchok Klug

Deposition

Exhibit 10

Jamison, Peter (DOJ)

From: Klug, Yitzchok [KLUGY@SEC.GOV]
Sent: Wednesday, November 10, 2010 6:08 PM
To: Jamison, Peter (DOJ)
Cc: Paley, Michael D.
Subject: Delaware Exemption From Securities Registration
Attachments: Delaware Opinion Letter.PDF

Peter,

As we discussed on the phone, I am attaching an opinion letter authored by Virginia Sourlis which cites various sections of the Delaware Securities Act in support of her contention that the purchaser, E-Lionheart Associates, LLC may purchase unrestricted shares of stock from issuer GolP Global, Inc. without the shares being registered.

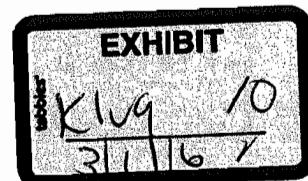
Rule 504 of Regulation D provides an exemption from the registration requirements of the federal securities laws for some companies if they follow certain rules. The exemption provides that general solicitation is permitted by the issuer and the purchaser may acquire freely transferable securities when the securities are issued under a state law exemption that permits general solicitation and general advertising as long as the sales are made to "accredited investors" as defined in Regulation D.

I suspect that this is only the first of many letters SEC staff will see citing Delaware state law. My colleagues and I would be grateful if you would render an opinion as to the justification of Ms. Sourlis in citing the Delaware Securities Act in her opinion letter.

Please contact me with any questions you might have.

Thank you,
Yitz Klug

Yitzchok Klug
Staff Attorney
U.S. Securities and Exchange Commission
New York Regional Office
3 World Financial Center
Suite 400
New York, New York 10281
(212) 336-0112





Virginia K. Sourlis, Esq., MBA*
Philip Magri, Esq.*
Joseph M. Patricola, Esq.**

* Licensed in NJ
+ Licensed in NY
** Licensed in DC

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www.SourlisLaw.com
Virginia@SourlisLaw.com

August 23, 2010

Manhattan Transfer Registrar Co.
57 Eastwood Road
Miller Place, NY 11764

Re: GoIP Global, Inc. (the "Company" or "Issuer")
Delaware Legal Opinion for the Issuance of 504 Shares of Common Stock
11,000,000 shares of *free-trading* shares

Dear Sir or Madam:

We have been requested to provide you with a legal opinion as Corporate and Securities Counsel for the Company with respect to the issuance of 11,000,000 *free-trading* shares of the Company's common stock (the "Shares") to E-Lionheart Associates, LLC (the "Purchaser"). The Purchaser is formed and authorized to transact business within the State of Delaware in an offering exempt from registration under the Securities Act of 1933 (the "Securities Act") pursuant to Rule 504 of Regulation D promulgated thereunder, Sections 7309(b)(8) of the Delaware Securities Act, and Section 510(a)(1) of Part E under the Rules and Regulations Pursuant to the Delaware Securities Act.

In connection with this opinion, we have reviewed applicable federal and state laws, rules and regulations and have made such investigations and examined such documents and material related to the Company and the Purchaser as we have deemed necessary and appropriate under the circumstances, including, but not limited to, the following:

1. SEC Regulation D, especially Rules 501, 502, 503 and 504 thereunder.
2. Section 7309(b)(8) of the Delaware Securities Act, and Section 510(a)(1) of Part E under the Rules and Regulations Pursuant to the Delaware Securities Act.
3. Articles of Incorporation of the Company as filed with the State of Delaware and Bylaws adopted by the Company.
4. Various corporate books and records, including minutes of directors meetings and resolutions of the Company's Board of Directors related to the authorization and issuances of the Shares;
5. A certificate of the Company's president stating that the Company:

- a. is not a reporting company under the 1934 Securities Exchange Act;
- b. is an operating company with a specific business plan; and
- c. has not sold securities pursuant to exemption under Rule 504 within the past twelve (12) calendar months in an aggregate dollar amount that would preclude the contemplated sales of Shares under that rule.

6. Subscription Agreement executed by the Purchaser, including various representations of the parties therein.

The Law

Rule 504 Exemption.

Section 5 of the Securities Act requires with certain exceptions, that all securities involved in an original distribution by the issuer must be registered. Regulation D promulgated under Section 3(b) of the Securities Act provides several means by which an issuer which is not subject to the reporting requirements of Section 13 and 15(d) of the Securities Exchange Act and is neither an investment company nor a blank check company may make an offer and sale of securities without registration upon satisfaction of certain requirements.

Rule 504 is available to any company that, at the time of the offering:

- 1. is not a "reporting company";
- 2. is not a development stage company that either had no specific business plan or purpose or had indicated that its business plan was to engage in a merger or acquisition with an unidentified company or entity;
- 3. if the issuer has utilized Rule 504 within the last twelve calendar months, the dollar amount of the offering may not have exceeded \$1,000,000;
- 4. each investor is a bona fide resident of the state(s) where the offering is made; and
- 5. the investor was not, prior to, nor would be subsequent to, the offering an "affiliate" of the issuer.

On April 7, 1999, revisions to Rule 504 went into effect that prohibit general solicitation and general advertising of the offering by the issuer and which provide that securities issued under the Rule will be restricted, unless certain specified conditions are met. These conditions are:

- 1. the shares issued pursuant to the offering are issued under a state law exemption requiring public filing and delivery of a disclosure statement (often termed Offering Materials) prior to offer and sale; or
- 2. the shares issued pursuant to the offering are issued under a state law exemption that permits general solicitation and general advertising, available in only a minority of the states (including Delaware), when the offer is limited to only accredited investors as defined in Rule 501(a) of Regulation D.

If either state standard is met, consistent with Rule 504, the shares issued pursuant to the offering are not restricted and are freely tradable on any secondary market.

Consequently, the shares issued pursuant to such an offering may be issued by the Company without affixing to the associated stock certificate a restrictive legend as to resale, may be delivered to the Purchaser upon full payment of the associated purchase price and may be freely traded unless the Purchaser were to become an affiliate of the Company (perhaps through later purchases or their principals were to become an officer or director of the Company).

Rule 504 of Regulation D requires a filing within 15 days of the date of commencement of a given offering period. While there is no penalty for a late filing, the Company will need to file a Form D with regard to this new offering period.

Delaware Exemption.

Section 7309(b)(8) of the Delaware Securities Act provides for an exemption from the registration and notice filing requirements set forth in Sections 7304, 7309A, and 7312 of the Delaware Securities Act where the transaction involves any offer or sale to an institutional buyer.

Section 510(a)(1) of Part E under the Rules and Regulations Pursuant to the Delaware Securities Act defines "Institutional Buyer" to include an "accredited investor" as defined in SEC Rule 501(a)(1)-(4), (7) and (8), excluding, however, any self-directed employee benefit plan with investment decisions made solely by persons that are "accredited investors" as defined by Rule 501(a)(5)-(6). Pursuant to SEC Rule 501(a)(8), an entity in which all of the equity owners are "accredited" (as defined in Rule 501(a)(5)-(6)) comes within the definition of "accredited investor".

The Delaware applicable exemption does not prohibit general advertising or general solicitation and therefore, the exemption allows general advertising and general solicitation.

Therefore, the Delaware Securities Act provides for an exemption from the registration and notice filing requirements as set forth in Section 7304, 7309A, and 7312 of the Delaware Securities Act where the investor is a validly formed business entity in which all of its equity owners are accredited in accordance with Rule 501(a)(5)-(6). Not exempted under this provision are sales to individuals who are accredited investors under SEC Rule 501(a) (5) and (6).

No filings are required and there is no restriction prohibiting general advertising or general solicitation or requiring investment intent.

Legal Opinion

Based on the foregoing, and subject to the qualifications set forth herein, it is our opinion that:

The Company is not a reporting company under the 1934 Securities Exchange Act, and intends to make an offering for purchased securities for its own account, which, if aggregated with all securities sold during the preceding 12 months, will not exceed \$1,000,000.

The Purchaser is (i) an accredited investor as defined in Rule 501(a) of Regulation D of the Act and Section 510(a)(1) of Part E under the Rules and Regulations Pursuant to the

Delaware Securities Act (ii) an "institutional buyer" as set forth in Section 7309(b)(8) of the Delaware Securities Act and Section 510(a)(1) of Part E under the Rules and Regulations Pursuant to the Delaware Securities Act, (iii) is purchasing the Shares for its own account and was not formed for the specific purpose of acquiring the Shares, and therefore has complied with applicable federal and state law and qualifies for the exemption from registration set forth in the Securities Act pursuant to Rule 504 of Regulation D, Section 7309(b)(8) of the Delaware Securities Act and Section 510(a)(1) of Part E under the Rules and Regulations Pursuant to the Delaware Securities Act

Further, the Purchaser is not (i) the Issuer, (ii) an underwriter of the Issuer with respect to the Shares (within the meaning of Section 2(11) of the Securities Act) (iii) an affiliate of the Issuer (within the meaning of Rule 144(a)(1) under the Securities Act, (iv) acting in concert within the meaning of Rule 144(e)(3)(vi) nor will they be acting in concert between the Purchasers and any affiliates of the Company or any other persons involving public sales of the Company's unregistered common shares under Rule 144, (v) in common ownership with any of the Purchasers of the respective companies in this offering, nor has any affiliation with any officers or affiliates of the Company, accordingly, the Shares may be issued and delivered to the Purchaser upon full payment of the associated purchase price without a restrictive legend under the Securities Act of 1933, as amended.

As to matters of fact, we have relied on information obtained from public officials, officers of the Company, and other sources, and we represent that all such sources were believed to be reliable. We have relied upon the Company's assurances that it shall make reasonable inquiry to determine that the prospective Purchaser has a legitimate investment intent in purchasing the Shares, and the Purchaser's representations as to its net worth and investment intent. The undersigned is licensed only in the State of New Jersey and this opinion covers, in part, Delaware statutory law, where the undersigned is not licensed.

We have made no independent attempt to verify facts provided us and set forth herein and that all signatures, documents or copies submitted to us are genuine and authentic. This opinion is limited to and conditioned upon, the facts as stated herein as of the date hereof. I disclaim any undertaking to advise you if changes in law or fact which may affect the continued correctness of any of my opinions occur as of a later date.

This opinion is solely for the use of the Company and its transfer agent, and may not be published or provided to any other person or entity without written permission from the undersigned.

Very truly yours,

The Sourlis Law Firm

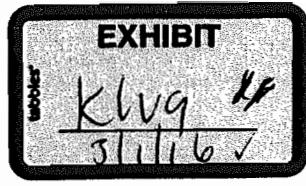


Virginia K. Sourlis, Esq.

Yitzchok Klug

Deposition

Exhibit 11



Jamison, Peter (DOJ)

From: Klug, Yitzchok [KLUGY@SEC.GOV]
Sent: Friday, November 19, 2010 1:31 PM
To: Jamison, Peter (DOJ)
Subject: RE: Delaware Exemption From Securities Registration

Peter,
Thank you for your review and opinion. I will discuss this internally with my colleagues and contact you sometime next week.

Thank you,
Yitz Klug

From: Jamison Peter (DOJ) [mailto:Peter.Jamison@state.de.us]
Sent: Friday, November 19, 2010 9:27 AM
To: Klug, Yitzchok
Subject: RE: Delaware Exemption From Securities Registration

Yitz, I have reviewed Ms. Sourlis' letter of August 23, 2010 to the Manhattan Transfer Registrar Company, and it does appear that Ms. Sourlis' interpretation of 6 Del. C. sec. 7309(b)(8) and section 510 of the Rules and Regulations Pursuant to the Delaware Securities Act is correct. That being said, if the SEC believes that the use of the Delaware exemption at section 7309(b)(8) in this particular case is contrary to the public interest, please let me know. Delaware does have a procedure that authorizes the Commissioner to withdraw an exemption on a general or case-by-case basis.

Thanks,

Peter O. Jamison, III
Securities Commissioner
Delaware Department of Justice
820 N. French Street, 5th Floor
Wilmington, DE 19801
(302) 577-8940
(302) 577-6987 (fax)

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From: Klug, Yitzchok [mailto:KLUGY@SEC.GOV]
Sent: Wednesday, November 10, 2010 6:08 PM
To: Jamison Peter (DOJ)
Cc: Paley, Michael D.
Subject: Delaware Exemption From Securities Registration

Peter,
As we discussed on the phone, I am attaching an opinion letter authored by Virginia Sourlis which cites various sections of the Delaware Securities Act in support of her contention that the purchaser, E-Lionheart Associates, LLC may purchase unrestricted shares of stock from issuer GoIP Global, Inc. without the shares being registered.

Rule 504 of Regulation D provides an exemption from the registration requirements of the federal securities laws for some companies if they follow certain rules. The exemption provides that general solicitation is permitted by the issuer and the purchaser may acquire freely transferable securities when the securities are issued under a state law exemption that permits general solicitation and general advertising as long as the sales are made to "accredited investors" as defined in Regulation D.

I suspect that this is only the first of many letters SFC staff will see citing Delaware state law. My colleagues and I would be grateful if you would render an opinion as to the justification of Ms. Sourlis in citing the Delaware Securities Act in her opinion letter.

Please contact me with any questions you might have.

Thank you,
Yitz Klug

Yitzchok Klug
Staff Attorney
U.S. Securities and Exchange Commission
New York Regional Office
3 World Financial Center
Suite 400
New York, New York 10281
(212) 336-0112

Yitzchok Klug

Deposition

Exhibit 12

Jamison, Peter (DOJ)

From: Yeu, Laura V [YeuL@SEC.GOV]
Sent: Monday, August 08, 2011 1:39 PM
To: Jamison, Peter (DOJ)
Subject: RE: Delaware Exemption From Securities Registration

Thank you Peter for your time and assistance. You have been quite helpful and we do appreciate it.

Best regards,
Laura

Laura Yeu
Senior Counsel
U.S. Securities and Exchange Commission
Division of Enforcement
New York Regional Office
3 World Financial Center, Suite 400
New York, NY 10281-1022
Direct: (212) 336-0187
e-mail: YeuL@sec.gov

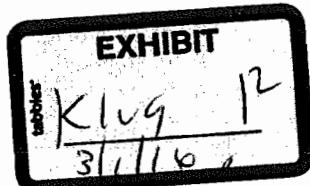
From: Jamison Peter (DOJ) [mailto:Peter.Jamison@state.de.us]
Sent: Monday, August 08, 2011 1:37 PM
To: Yeu, Laura V
Subject: RE: Delaware Exemption From Securities Registration

Laura, the citation for the Delaware Supreme Court case that I mentioned to you is: *Singer v. Magnavox Co.*, 380 A.2d 969 (Del. 1977). In *Singer*, the Court held:

"we do not read the Act [the Delaware Securities Act] as an attempt to introduce Delaware commercial law into the internal affairs of corporations merely because they are chartered here. Of course, a Delaware corporation is bound by the Act, if it is otherwise applicable. But it is not bound simply because the company is incorporated here."

Although there are a couple of holdings in *Singer* that have been overturned, this particular holding is still intact and is good law in Delaware. If you have any further questions regarding his matter, please do not hesitate to contact me.

Peter O. Jamison, III
Securities Commissioner
Delaware Department of Justice
820 N. French Street, 5th Floor
Wilmington, DE 19801
(302) 577-8940
(302) 577-6987 (fax)



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From: Yeu, Laura V [mailto:Yeul@SEC.GOV]
Sent: Monday, August 08, 2011 9:57 AM
To: Jamison Peter (DOJ)
Subject: RE: Delaware Exemption From Securities Registration

Good morning Peter. I will be joined on the call this morning with my colleagues Michael Paley, Assistant Regional Director, Yitz Klug, attorney, and possibly a few others including Joe Dever, Senior Trial Counsel. My colleagues and I have different cases that all involve similar issues under Delaware law.

I will be rounding up the group in a few minutes and we will call you at the number below. We look forward to speaking with you.

Best,
Laura

From: Jamison Peter (DOJ) [mailto:Peter.Jamison@state.de.us]
Sent: Friday, August 05, 2011 11:29 AM
To: Yeu, Laura V
Subject: RE: Delaware Exemption From Securities Registration

That would be fine. Please call me then.

Peter O. Jamison, III
Securities Commissioner
Delaware Department of Justice
820 N. French Street, 5th Floor
Wilmington, DE 19801
(302) 577-8940
(302) 577-6987 (fax)

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From: Yeu, Laura V [mailto:Yeul@SEC.GOV]
Sent: Friday, August 05, 2011 11:12 AM
To: Jamison Peter (DOJ)
Cc: Paley, Michael D.
Subject: Re: Delaware Exemption From Securities Registration

Thank you. I am available Monday morning. How is 10 am?

Regards,

Laura Yeu

From: Jamison Peter (DOJ) [mailto:Peter.Jamison@state.de.us]
Sent: Friday, August 05, 2011 11:08 AM
To: Yeu, Laura V
Subject: RE: Delaware Exemption From Securities Registration

Ms. Yeu, I would be available most of next week (except Thursday) to talk with you. Please let me know what would be convenient for you.

Peter O. Jamison, III
Securities Commissioner
Delaware Department of Justice
820 N. French Street, 5th Floor
Wilmington, DE 19801
(302) 577-8940
(302) 577-6987 (fax)

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From: Yeu, Laura V [mailto:YeuL@SEC.GOV]
Sent: Monday, August 01, 2011 8:37 AM
To: Jamison Peter (DOJ)
Subject: FW: Delaware Exemption From Securities Registration

Peter,

I am following up on the below e-mail from my colleague, Yitz Klug, regarding Rule 504 of Regulation D and Section 7309(b)(8) of the Delaware Securities Act. I have attached the letter that Yitz previously forwarded to you. I would appreciate the opportunity to speak with you or someone else on your staff concerning this matter. Anytime today before 1 pm works for me. Please let me know your availability.

Thank you.

Regards,
Laura Yeu

Laura Yeu
Senior Counsel
U.S. Securities and Exchange Commission
Division of Enforcement
New York Regional Office
3 World Financial Center, Suite 400
New York, NY 10281-1022
Direct: (212) 336-0187
e-mail: YeuL@sec.gov

From: Jamison Peter (DOJ) [mailto:Peter.Jamison@state.de.us]
Sent: Friday, November 19, 2010 9:27 AM
To: Klug, Yitzchok
Subject: RE: Delaware Exemption From Securities Registration

Yitz, I have reviewed Ms. Sourlis' letter of August 23, 2010 to the Manhattan Transfer Registrar Company, and it does appear that Ms. Sourlis' interpretation of 6 Del. C. sec. 7309(b)(8) and section 510 of the Rules and Regulations Pursuant to the Delaware Securities Act is correct. That being said, if the SEC believes that the use of the Delaware exemption at section 7309(b)(8) in this particular case is contrary to the public interest, please let me know. Delaware does have a procedure that authorizes the Commissioner to withdraw an exemption on a general or case-by-case basis.

Thanks.

Peter O. Jamison, III
Securities Commissioner
Delaware Department of Justice
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From: Klug, Yitzchok [mailto:KLUGY@SEC.GOV]
Sent: Wednesday, November 10, 2010 6:08 PM
To: Jamison Peter (DOJ)
Cc: Paley, Michael D.
Subject: Delaware Exemption From Securities Registration

Peter,
As we discussed on the phone, I am attaching an opinion letter authored by Virginia Sourlis which cites various sections of the Delaware Securities Act in support of her contention that the purchaser, E-Lionheart Associates, LLC may purchase unrestricted shares of stock from issuer GolP Global, Inc. without the shares being registered.

Rule 504 of Regulation D provides an exemption from the registration requirements of the federal securities laws for some companies if they follow certain rules. The exemption provides that general solicitation is permitted by the issuer and the purchaser may acquire freely transferable securities when the securities are issued under a state law exemption that permits general solicitation and general advertising as long as the sales are made to "accredited investors" as defined in Regulation D.

I suspect that this is only the first of many letters SEC staff will see citing Delaware state law. My colleagues and I would be grateful if you would render an opinion as to the justification of Ms. Sourlis in citing the Delaware Securities Act in her opinion letter.

Please contact me with any questions you might have

Thank you,
Yitz Klug

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